

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Loud Township	County Montmorency
Fiscal Year End March 31, 2006	Opinion Date June 30, 2006	Date Audit Report Submitted to State September 29, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☒ ☐ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	None needed		
Other (Describe)	<input type="checkbox"/>	Not applicable		
Certified Public Accountant (Firm Name) Robertson & Carpenter CPAs, P.C.		Telephone Number 989-826-5442		
Street Address P.O. Box 308		City Mio	State MI	Zip 48647
Authorizing CPA Signature		Printed Name Robert J. Carpenter		License Number #1101008247

Loud Township
Montmorency County, Michigan
Financial Report
With Supplemental Information
March 31, 2006

Loud Township
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-7
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Statement of Revenues, Expenditures and Changes in Fund Balances	11
Fiduciary Funds:	
Statement of Net Assets	12
Notes to Financial Statements	13-20
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	21
Budgetary Comparison Schedule - Fire Fund	22
Budgetary Comparison Schedule - Ambulance Fund	22
Other Supplemental Information	
General Fund - Detail of Revenues - Budget and Actual	23
General Fund - Detail of Expenditures - Budget and Actual	24-26
Statement of Changes in Assets and Liabilities - All Agency Funds	27



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

INDEPENDENT AUDITOR'S REPORT

Township Board
Loud Township
Montmorency County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Loud Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Loud Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Loud Township as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on page 2 through page 7 and pages 21-22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
June 30, 2006

Management's Discussion and Analysis

As management of Loud Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$189,845 (*net assets*). Of this amount, \$102,352 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations
- The Township's total net assets increased by \$8,920.
- As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$102,352, a decrease of (\$8,799) in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$101,256 or 119% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, health and welfare, community/economic development. And culture and recreation. The Township does not have any business-type activities as of and for the year ended March 31, 2006.

The Government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Ambulance Fund.

The Township adopts an annual appropriated budget for its General Fund. The Township did not adopt budgets for the Fire Fund and Ambulance Fund. These funds merely collect property taxes levied for these service and remit the collected amounts to the Tri-Township Fire Department and the Tri-Township Ambulance Service. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-20 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded its liabilities by \$189,845 at the close of the most recent fiscal year.

A portion of the Township's net assets (46%) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township did not have any outstanding debt at March 31, 2006. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Assets

	Governmental	Activities
	March 31, 2006	March 31, 2005
Current and Other Assets	102,352	111,151
Capital Assets, Net	87,493	69,744
Total Assets	<u>189,845</u>	<u>180,925</u>
Current Liabilities	-0-	-0-
Long Term Liabilities	-0-	-0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>
Net Assets:		
Invested in Capital Assets	87,493	69,774
Unrestricted	<u>102,352</u>	<u>111,151</u>
Total Net Assets	<u>189,845</u>	<u>180,925</u>

The Township's net assets increased by \$8,920 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, decreased by (\$8,799) or 8%, during fiscal year 2006.

Township's Changes in Net Assets

	<u>Governmental</u> March 31, 2006	<u>Activities</u> March 31, 2005
Revenue:		
Program Revenue:		
Charges for services	17,472	16,374
Operating Grants and Contributions	-0-	-0-
General Revenue:		
Property Taxes	50,319	47,247
State-Shared Revenues	31,495	33,177
Interest and Rent Earnings	4,821	4,111
Other	2,967	6
Total Revenue	107,074	100,915
Expenses:		
General Government	61,171	76,753
Public Safety	16,450	16,205
Public Works	1,800	2,500
Health and Welfare	16,896	17,421
Community/economic development	1,837	706
Culture and Recreation	-0-	520
Total Expenses	98,154	114,105
Increase (Decrease) in Net Assets	8,920	(13,190)
Net Assets, Beginning of Year	180,925	194,115
Net Assets, End of Year	189,845	180,925

Governmental activities. The Township's total governmental revenues increased by \$6,159 from last fiscal year. This was primarily attributed to additional revenue from property taxes and other revenue. Expenses decreased by \$15,951. The decrease was primarily due to decreased General Government expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$102,352, a decrease of \$8,799 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 99% of this total amount or \$101,256.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 119% and total fund balance represents 120% of total general fund expenditures.

The fund balance of the General Fund decreased by \$8,799 during the current fiscal year.

The Fire Fund levied .9930 mills of property tax for the year ending March 31, 2006. The property tax generated \$15,369, all of which was paid to Tri-Township Fire Department to provide fire protection services to the citizens of the Township.

The Ambulance Fund levied .9930 mills of property tax for the year ending March 31, 2006. The property tax generated \$15,369, all of which was paid to Tri-Township Ambulance Service to provide ambulance services to the citizens of the Township.

Governmental Funds Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire and Ambulance Funds. The General Fund budget was amended during the year. A budget was not prepared for the Fire and Ambulance Funds..

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounted to \$602,748 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$2,467 for the fiscal year.

Township's Capital Assets (net of depreciation)

	<u>March 31, 2006</u>	<u>March 31, 2005</u>
Land	10,113	9,813
Land Improvements	6,366	6,903
Buildings	47,733	51,021
Equipment	1,910	2,037
Infrastructure	<u>21,371</u>	<u>-0-</u>
Total	<u>87,493</u>	<u>69,774</u>

Additional information on the Township's capital assets can be found in note 5 on page 18 of this report.

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2006-2007 fiscal year:

- The Township has budgeted a slight increase in revenues from property taxes, state revenue sharing and interest earnings. The total expenses are estimated to be approximately the same as the 2005-2006 year with fluctuations both increases and decreases occurring in various areas. The largest item budgeted is \$23,500 for road work. Our budget was prepared with these factors in mind and will need to be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Loud Township
3910 M-33
Atlanta, Michigan 49709

Basic Financial Statements

Loud Township
Statement of Net Assets
March 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 97,230
Receivables: (Note 4)	
Other	-
Intergovernmental	4,384
Due from Fiduciary Fund	738
Capital assets-net (Note 5)	<u>87,493</u>
 Total assets	 <u>189,845</u>
 Liabilities	
Current Liabilities:	
Accounts payable	-
Due to other governments	<u>-</u>
 Total liabilities	 <u>-</u>
 Net Assets	
Invested in capital assets	87,493
Unrestricted	<u>102,352</u>
 Total net assets	 \$ <u><u>189,845</u></u>

See accompanying notes to financial statements.

Loud Township
Statement of Activities
Year Ended March 31, 2006

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
General government	\$ 61,171	\$ 2,520	\$ -	\$ (58,651)
Public safety	16,450	-	-	(16,450)
Public works	1,800	14,497	-	12,697
Health and welfare	16,896	-	-	(16,896)
Community/economic development	1,837	455	-	(1,382)
Culture and recreation	-	-	-	-
Total governmental activities	\$ <u>98,154</u>	\$ <u>17,472</u>	\$ <u>-</u>	<u>(80,682)</u>
General Revenues:				
Property taxes - operating				19,581
Property taxes - fire				15,369
Property taxes - ambulance				15,369
State-shared revenues				31,495
Interest and investment earnings				4,821
Other				<u>2,967</u>
Total general revenues				<u>89,602</u>
Change in Net Assets				<u>8,920</u>
Net assets - beginning of year				<u>180,925</u>
Net assets - end of year				<u>\$ 189,845</u>
Amounts reported for governmental activities are different because:				
Net Change in Fund Balances - Total Governmental Funds				\$ (8,799)
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.				
Depreciation expense		\$ (3,952)		
Capital outlay		300		
Capital outlay - infrastructure		<u>21,371</u>		
				<u>17,719</u>
Change in Net Assets of Governmental Activities				<u>\$ 8,920</u>

See accompanying notes to financial statements.

Loud Township
Governmental Funds
Balance Sheet
March 31, 2006

	General Fund	Fire Fund	Ambulance Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 97,230	\$ -	\$ -	\$ 97,230
Accounts receivable	-	-	-	-
Due from other funds	738	-	-	738
Due from other governmental units	4,384	-	-	4,384
Total assets	<u>\$ 102,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,352</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Reserved:				
Reserved for Metro Act	1,096	-	-	1,096
Unreserved:				
Undesignated:				
General Fund	101,256	-	-	101,256
Fire Fund	-	-	-	-
Ambulance Fund	-	-	-	-
Total fund balances	<u>102,352</u>	<u>-</u>	<u>-</u>	<u>102,352</u>
Total liabilities and fund balances	<u>\$ 102,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,352</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund Balances - Total Governmental Funds	\$ 102,352
Elimination of due to and due from governmental funds	
Due to	-
Due from	-
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	173,145
Accumulated depreciation is	(85,652)
Net Assets of Governmental Activities	<u>\$ 189,845</u>

See accompanying notes to financial statements.

Loud Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2006

	General Fund	Fire Fund	Ambulance Fund	Total Governmental Funds
Revenues				
Taxes and fees	\$ 19,581	\$ 15,369	\$ 15,369	\$ 50,319
Licenses and permits	455	-	-	455
State grants	31,495	-	-	31,495
Charges for services	17,017	-	-	17,017
Interest and rentals	4,821	-	-	4,821
Other revenue	2,967	-	-	2,967
Total revenues	<u>76,336</u>	<u>15,369</u>	<u>15,369</u>	<u>107,074</u>
Expenditures				
Current:				
General government	57,219	-	-	57,219
Public safety	1,081	15,369	-	16,450
Public works	23,171	-	-	23,171
Health and welfare	1,527	-	15,369	16,896
Community/economic development	1,837	-	-	1,837
Culture and recreation	-	-	-	-
Capital outlay	300	-	-	300
Total expenditures	<u>85,135</u>	<u>15,369</u>	<u>15,369</u>	<u>115,873</u>
Excess of Revenues Over (Under)				
Expenditures	(8,799)	-	-	(8,799)
Fund balance - April 1, 2005	<u>111,151</u>	<u>-</u>	<u>-</u>	<u>111,151</u>
Fund balance - March 31, 2006	<u>\$ 102,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,352</u>

See accompanying notes to financial statements.

Loud Township
Fiduciary Funds
Statement of Net Assets
March 31, 2006

	Agency Fund Type (Property Tax Collection Fund)
Assets	
Cash	\$ 738
Due from other funds	<u>-</u>
Total assets	<u><u>\$ 738</u></u>
Liabilities	
Due to other funds	\$ 738
Due to other governments	<u>-</u>
Total liabilities	<u>738</u>
Net Assets	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Loud Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Township:

Reporting Entity

The Township is governed by an elected five member Township Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the Township does not contain any component units.

Government-wide and Fund Financial Statements

The Government-side financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Fire Fund is used to record property tax revenue and record payments of the property tax revenue to the fire department joint venture.

The Ambulance Fund is used to record property tax revenue and record payments of the property tax revenue to the ambulance joint venture.

Additionally, the Township reports the following funds:

The Tax Collection Fund accounts for property taxes collected and disbursed to other taxing authorities by the Township as required by law.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all taxes.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Loud Township
Notes to Financial Statements
March 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2005 taxable value of the Township was \$15,329,305. The 2005 tax levy was .9183 mills for general operations raising \$14,077 for general operating purposes, .9930 mills for fire protection raising \$15,222 for fire purposes and .9930 mills for ambulance services raising \$15,222 for providing ambulance services.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following

Infrastructure	20 years
Land Improvements	20 years
Buildings and additions	20-50 years
Equipment	5-20 years

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no township employees are provided with sick or vacation pay benefits.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. The Township had a reserved fund balance for Metro Act monies in the amount of \$1,096 at March 31, 2006. Designations of fund balance represent tentative management plans that are subject to change. The Township did not have a designated fund balance at March 31, 2006.

Loud Township
Notes to Financial Statements
March 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township adopt its budgets by April 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Townships to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

Note 2 - Stewardship, Compliance and Accountability

Excess of expenditures over appropriations in budgeted funds:

The Township incurred expenditures in excess of amounts budgeted as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Special Revenue:			
Fire Fund:			
Public safety	\$ -	\$ 15,369	\$ 15,369
Ambulance:			
Health and welfare	-	15,369	15,369

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

Loud Township
Notes to Financial Statements
March 31, 2006

Note 3 - Deposits and Investments (continued)

At year-end, Loud Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Township Total
Cash and cash equivalents	\$ 97,230	\$ 738	\$ 97,968
Investments	-	-	-
Total	<u>\$ 97,230</u>	<u>\$ 738</u>	<u>\$ 97,968</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking and savings)	\$ 97,968
Investments	-
	<u>\$ 97,968</u>

The deposits of the Township were reflected in the accounts of one financial institution, of which \$97,968 is covered by federal depository insurance.

Note 4 - Receivables

Receivables as of year-end for the Township's major funds and fiduciary funds in the aggregate, including applicable allowances of uncollectible accounts, are as follows:

Receivables:	General Fund	Fire Fund	Ambulance Fund	Tax Coll. Fund	Total
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,384	-	-	-	4,384
	<u>\$ 4,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,384</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Loud Township did not have any deferred revenue at March 31, 2006.

Loud Township
Notes to Financial Statements
March 31, 2006

Note 5 - Capital Assets

Capital assets activity of the Township's Governmental activities were as follows:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Capital assets not being depreciated:				
Land	\$ 9,813	\$ 300	\$ -	\$ 10,113
Capital assets being depreciated:				
Land improvements	13,026	-	-	13,026
Buildings	121,875	-	-	121,875
Equipment	6,760	-	-	6,760
Infrastructure - roads	-	21,371	-	21,371
Subtotal	<u>141,661</u>	<u>21,371</u>	<u>-</u>	<u>163,032</u>
Accumulated Depreciation				
Land improvements	6,123	537	-	6,660
Buildings	70,854	3,288	-	74,142
Equipment	4,723	127	-	4,850
Infrastructure - roads	-	-	-	-
Subtotal	<u>81,700</u>	<u>3,952</u>	<u>-</u>	<u>85,652</u>
Net capital assets being depreciated	<u>59,961</u>	<u>17,419</u>	<u>-</u>	<u>77,380</u>
Governmental Activities				
Total Capital Assets net of Depreciation	<u>\$ 69,774</u>	<u>\$ 17,719</u>	<u>\$ -</u>	<u>\$ 87,493</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 3,952
Public works	-
Total governmental activities	<u>\$ 3,952</u>

Note 6 - Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 738	Fiduciary Fund	\$ 738
Total	<u>\$ 738</u>	Total	<u>\$ 738</u>

<u>Transfers In</u>	<u>Transfers Out</u>
None	None

Note 7 - Risk Management

Loud Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 8 - Pension Plan

Loud Township provides pension benefits for all elected members of the Township Board that earn in excess of \$300 per year through a defined contribution plan. The plan is a Simplified Employee Pension (SEP) plan through National City Bank. The retirement benefits in a defined contribution plan depend solely on amounts contributed to the plan plus investment earnings. The Township is required to contribute between 7.5% and 15% of the employee's earnings. The plan does not allow employees to make contributions. The Township's contributions are vested upon payment to the plan and are invested in individual retirement accounts in the name of the employee.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The Township's total payroll for the year ended March 31, 2006 was approximately \$27,920. The Township's contribution of 10% to the plan was computed on eligible wages of \$18,899. The Township deposited the required amount of \$1,890.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township. The plan held no securities of the Township or other related parties during the year or at the close of the fiscal year.

Note 9- Joint Venture - Fire Protection

Loud Township is a participant in an interlocal agreement with Avery Township and Briley Township to provide fire protection services to the residents of the townships. The Tri-Township Fire Department's board totals six members, one member from each Township board and one resident from each township.

Loud Township's equity interest is determined by the ratio of the township's Taxable valuation to the total Taxable valuation of interlocal agreement. The percentage as of December 31, 2005 was approximately 15.5%.

The audit of the Tri-Township Fire Department for the year ended December 31, 2005 was not completed and therefore not available at the time this report was prepared.

Loud Township
Notes to Financial Statements
March 31, 2006

Note 10- Joint Venture - Ambulance Service

Loud Township is a participant in an interlocal agreement with Avery Township and Briley township to provide ambulance services to the residents of the townships. The Tri-Township Ambulance Service board totals six members, one member from each Township Board and one resident from each township.

Loud Township's equity interest is determined by the ratio of the township's Taxable valuation to the total Taxable valuation of the interlocal agreement. The percentage as of December 31, 2005 was approximately 15.5%.

The audit of the Tri-Township Ambulance Service for the year ended December 31, 2005 was not completed and therefore not available at the time this report was prepared.

Required Supplemental Information

Loud Township
Budgetary Comparison Schedule - General Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	3/31/06	3/31/06	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ 85,000	\$ 106,728	\$ 111,151	\$ 4,423
Resources (Inflows)				
Taxes and fees	22,361	22,238	19,581	(2,657)
Licenses and permits	571	455	455	-
State grants	27,399	31,262	31,495	233
Charges for services	15,957	17,017	17,017	-
Interest and rentals	3,880	4,538	4,821	283
Other	8	2,253	2,967	714
Amounts available for appropriation	<u>155,176</u>	<u>184,491</u>	<u>187,487</u>	<u>2,996</u>
Charges to Appropriations (Outflows)				
General government	62,093	72,878	57,219	(15,659)
Public safety	3,315	2,280	1,081	(1,199)
Public works	43,816	23,175	23,171	(4)
Health and welfare	2,190	2,730	1,527	(1,203)
Community/economic development	1,125	1,940	1,837	(103)
Culture and recreation	-	-	-	-
Capital outlay	300	300	300	-
Total charges to appropriations	<u>112,839</u>	<u>103,303</u>	<u>85,135</u>	<u>(18,168)</u>
Fund Balance - end of year	\$ <u>42,337</u>	\$ <u>81,188</u>	\$ <u>102,352</u>	\$ <u>21,164</u>

Loud Township
Budgetary Comparison Schedule - Fire Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	3/31/06	3/31/06	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Taxes and fees	-	-	15,369	15,369
Other	-	-	-	-
Amounts available for appropriation	-	-	15,369	15,369
Charges to Appropriations (Outflows)				
Public works	-	-	15,369	15,369
Capital outlay	-	-	-	-
Total charges to appropriations	-	-	15,369	15,369
Fund Balance - end of year	\$ -	\$ -	\$ -	\$ -

Loud Township
Budgetary Comparison Schedule - Ambulance Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	3/31/06	3/31/06	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Taxes and fees	-	-	15,369	15,369
Other	-	-	-	-
Amounts available for appropriation	-	-	15,369	15,369
Charges to Appropriations (Outflows)				
Health and welfare	-	-	15,369	15,369
Capital outlay	-	-	-	-
Total charges to appropriations	-	-	15,369	15,369
Fund Balance - end of year	\$ -	\$ -	\$ -	\$ -

Supplemental Information

Loud Township
General Fund
Detail of Revenues - Budget and Actual
Year Ended March 31, 2006

	Budget As Amended	Actual	Variance Favorable (Unfavorable)
TAXES:			
Property taxes	\$	\$ 14,214	\$
Property tax administration fee		5,367	
Total Taxes	<u>22,238</u>	<u>19,581</u>	<u>(2,657)</u>
LICENSES AND PERMITS:			
Zoning permits	<u>455</u>	<u>455</u>	<u>-</u>
STATE GRANTS:			
Swampland tax		9,942	
State revenue sharing		19,412	
Metro Act		1,350	
Bankhead Jones		791	
Total State Grants	<u>31,262</u>	<u>31,495</u>	<u>233</u>
CHARGES FOR SERVICES:			
Land split fees		75	
Landfill impact fees		14,497	
Grave openings		50	
Grave lots		2,100	
Other sales		295	
Total Charges for Services	<u>17,017</u>	<u>17,017</u>	<u>-</u>
INTEREST AND RENTALS:			
Interest		2,771	
Rents and royalties		-	
Emergency vehicle garage rent		2,000	
Townhall rent		50	
Total Interest and Rental	<u>4,538</u>	<u>4,821</u>	<u>283</u>
OTHER REVENUE			
Reimbursements		-	
Other		2,967	
Total Other Revenue	<u>2,253</u>	<u>2,967</u>	<u>714</u>
TOTAL REVENUES	<u>\$ 77,763</u>	<u>\$ 76,336</u>	<u>\$ (1,427)</u>

Loud Township
General Fund
Detail of Expenditures - Budget & Actual
Year Ended March 31, 2006

	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT:			
Townboard:			
Trustee - wages	\$	\$ 2,034	\$
Landfill representative - wages		805	
FICA and medicare		665	
Retirement		1,890	
Supplies		1,041	
Contracted services		3,157	
MTA services		2,142	
Mileage		319	
Printing		108	
Miscellaneous		78	
Total Townboard	<u>13,294</u>	<u>12,239</u>	<u>1,055</u>
Supervisor:			
Salary		5,686	
MTA services		-	
Mileage		-	
Miscellaneous		-	
Total Supervisor	<u>5,768</u>	<u>5,686</u>	<u>82</u>
Elections:			
Wages		549	
Supplies		461	
Mileage		24	
Printing		-	
Miscellaneous		-	
Total Elections	<u>1,975</u>	<u>1,034</u>	<u>941</u>
Assessor:			
Contracted services		4,590	
Supplies		490	
Miscellaneous		-	
County equalization		-	
Total Assessor	<u>9,115</u>	<u>5,080</u>	<u>4,035</u>
Attorney:	<u>500</u>	<u>40</u>	<u>460</u>

Loud Township
General Fund
Detail of Expenditures - Budget & Actual
Year Ended March 31, 2006

	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Clerk:			
Salary	\$	\$ 5,721	\$
Deputy wages		605	
Supplies		327	
Contracted services		-	
MTA services		521	
Mileage		162	
Miscellaneous		-	
Total Clerk	<u>8,743</u>	<u>7,336</u>	<u>1,407</u>
Board of Review			
Wages		855	
Mileage		43	
Printing		83	
Miscellaneous		-	
Total Board of Review	<u>1,305</u>	<u>981</u>	<u>324</u>
Treasurer:			
Salary		5,721	
Deputy wage		1,988	
Supplies		1,868	
MTA services		115	
Mileage		486	
Miscellaneous		12	
Total Treasurer	<u>11,293</u>	<u>10,190</u>	<u>1,103</u>
Townhall:			
Contracted services		499	
Supplies		606	
Telephone		1,257	
Heat		2,534	
Hall lights		885	
Security lights		285	
Maintenance		1,403	
Lawn		700	
Snow removal		1,125	
Building expense		53	
Total Townhall	<u>13,545</u>	<u>9,347</u>	<u>4,198</u>
Cemetery:			
Maintenance		159	
Lawn		1,660	
Grave openings		50	
Total Cemetery	<u>3,210</u>	<u>1,869</u>	<u>1,341</u>

Loud Township
General Fund
Detail of Expenditures - Budget & Actual
Year Ended March 31, 2006

	Budget As Amended	Actual	Variance Favorable (Unfavorable)
Unallocated:			
Miscellaneous	\$	\$ 30	\$
Insurance		3,120	
MTA Chapter		267	
Total Unallocated	<u>4,130</u>	<u>3,417</u>	<u>713</u>
 TOTAL GENERAL GOVERNMENT	 <u>72,878</u>	 <u>57,219</u>	 <u>15,659</u>
 PUBLIC SAFETY:			
Fire Board:			
Wages		875	
Mileage		206	
Total Public Safety	<u>2,280</u>	<u>1,081</u>	<u>1,199</u>
 PUBLIC WORKS:			
Roads	<u>23,175</u>	<u>23,171</u>	<u>4</u>
 HEALTH AND WELFARE:			
Ambulance Board:			
Wages		1,225	
Mileage		302	
Total Health and Welfare	<u>2,730</u>	<u>1,527</u>	<u>1,203</u>
 COMMUNITY/ECONOMIC DEVELOPMENT:			
Planning and Zoning:			
Wages		1,772	
Contracted services		65	
Total Community/economic develop.	<u>1,940</u>	<u>1,837</u>	<u>103</u>
 CULTURE AND RECREATION:			
Park:			
Maintenance		-	
Total Culture and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
 CAPITAL OUTLAY			
Cemetery - land		300	
Total Capital Outlay	<u>300</u>	<u>300</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>\$ 103,303</u>	 <u>\$ 85,135</u>	 <u>\$ 18,168</u>

Loud Township
Statement of Changes in Assets and Liabilities
All Agency Funds
March 31, 2006

Current Tax Collection Fund				
	Balance April 1, 2005	Additions	Deductions	Balance March 31, 2006
Assets				
Cash	\$ <u>1</u>	\$ <u>521,009</u>	\$ <u>520,272</u>	\$ <u>738</u>
Liabilities				
Due to other funds	\$ 1	\$ 47,886	\$ 47,149	\$ 738
Due to county	-	180,143	180,143	-
Due to schools	-	292,942	292,942	-
Refunds	<u>-</u>	<u>38</u>	<u>38</u>	<u>-</u>
Total liabilities	\$ <u>1</u>	\$ <u>521,009</u>	\$ <u>520,272</u>	\$ <u>738</u>